



1. Project Data

Project ID
P122764

Project Name
ET:Women Entrepreneurship Development

Country
Ethiopia

Practice Area(Lead)
Finance, Competitiveness and Innovation

L/C/TF Number(s)
IDA-51120,IDA-68140,TF-16392

Closing Date (Original)
31-Dec-2017

Total Project Cost (USD)
145,441,482.98

Bank Approval Date
24-May-2012

Closing Date (Actual)
31-Dec-2024

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	150,000,000.00	5,171,692.00
Revised Commitment	137,174,031.47	5,171,692.00
Actual	140,269,790.98	5,171,692.00

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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (page 5) and the Financing Agreement (page 5), the project development objective (PDO) of the Ethiopia Women Entrepreneurship Development Project was "to increase the earnings and employment of micro and small enterprises (MSEs) owned by female entrepreneurs in targeted cities."

This final ICR Review draws on the final ICR (July 2025), which supersedes the interim ICR (December 2022). The interim ICR was prepared when the Additional Financing (November 2020) extended the project's



implementation period to 12 years, triggering the requirement for an interim ICR when additional financing is “expected to result in an overall project implementation period exceeding 10 years” (World Bank, 2021, *Bank Guidance – Implementation Completion and Results Report for Investment Project Financing Operations*). The ratings presented in this final ICR Review replace those of the interim ICR Review.

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project had three components. The costs and disbursements presented here by component reflect not only the IDA credit and grant, but also the co-financing provided by other development partners (see Section 2.E). This co-financing expanded the project’s scope and scale and increased its output and outcome targets. Because both the final ICR and this ICR Review assess the project against these expanded results targets, the development partners’ co-financing warrants explicit mention.

Component 1 - Access to Microfinance (US\$45.4 million estimated at appraisal, US\$272.9 million estimated after five restructurings) supported the: (a) the establishment and operation of a credit facility at the Development Bank of Ethiopia providing financing through participating microfinance institutions (MFIs) to growth-oriented MSEs fully or partly owned by women entrepreneurs in selected cities for working capital and investment loans; (b) the establishment of a rescue facility to incentivize participating financial institutions (PFIs) to provide increased flexibility to viable firms adversely affected by the economic downturn triggered by the COVID-19 pandemic (added at fourth restructuring); (c) the establishment of an innovative finance facility to provide innovative growth capital to high-potential but financially excluded firms (added at fourth restructuring); and (d) the provision of technical assistance for capacity building in selected PFIs, an institutional development plan for the Development Bank of Ethiopia, support to MFIs and commercial banks on COVID-19-related portfolio restructuring, support to MFIs and commercial banks toward compliance with the new National Bank of Ethiopia consumer protection rules, and capacity building for the Project Management Team.

Component 2 - Entrepreneurial and Technical Skills Development (US\$6.1 million estimated at appraisal, US\$10.8 million estimated after five restructurings) supported: (a) capacity building at implementing agencies (the National Project Management Team at the Federal Micro and Small Enterprise Development Agency, Regional Micro and Small Enterprise Development Agencies, One Stop Shops, technical and vocational education and training colleges, and supporting and coordinating institutions such as the City MSE Development Offices) to deliver entrepreneurship training, promote adoption of productive technologies, and provide coaching, mentoring, and business information to growth-oriented women entrepreneurs aiming to upgrade their skills, improve product and service quality, and expand to new markets; and (b) the development of industrial clusters (i.e., concentrations of economic activities in certain sectors in certain locations producing similar and closely related goods), based on international best practice, to boost income and employment for female-owned or partly female-owned MSEs (dropped at the first restructuring).



Component 3 - Project Management, Advocacy and Outreach, Monitoring and Evaluation, and Impact Evaluation (US\$1.5 million estimated at appraisal, US\$3 million estimated after five restructurings) supported: (a) the establishment of the National Project Management Team within the Federal Micro and Small Enterprise Development Agency; (b) the provision of technical assistance (consultant services and training) to build awareness and expand the outreach of the project to beneficiaries and other stakeholders, conduct a public information program by organizing meetings and strengthening access to sources of information through public media, and disseminate results, good practices, and lessons learned; (c) the development of a monitoring and evaluation system to collect data from all implementing agencies to identify gaps in project implementation, draft corrective actions, and improve planning by Federal Micro and Small Enterprise Development Agency; and (d) the conduct of an impact evaluation of the project.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The project was estimated to cost US\$55 million at appraisal and US\$155 million after five rounds of restructuring.

Project Financing. The project was financed by an original credit of SDR 32.2 million (US\$50 million equivalent) from the International Development Agency (IDA) to the Federal Democratic Republic of Ethiopia, an additional credit of SDR 70.9 million (US\$100 million equivalent), also from the IDA, and a grant of US\$5.171 from the IDA acting as administrator of the Multi-Donor Trust Fund for the Co-financing of the Women Entrepreneurship Development Project. Of the total US\$155.2 million IDA financing, US\$145.4 million (93.7 percent) was disbursed, consisting of US\$47.7 million (95.4 percent in US\$ terms) of the first IDA credit, US\$92.5 million (92.5 percent in US\$ terms) of the second IDA credit, and US\$5.171 million (100 percent) of the IDA grant.

Apart from the IDA financing, the project obtained cofinancing totaling US\$123.5 million from five other development partners: (a) US\$3.5 million from the Government of Canada for the credit facility (Component 1a), US\$12.5 million for the innovation fund (Component 1c), and impact evaluation (Component 3d); (b) US\$3.6 million from the U.K. Department for International Development (DFID) (absorbed into the Foreign Commonwealth and Development Office in 2020) for the technical facility (Component 1d) (Restructuring Paper, 2016, page 4); (c) US\$50 million (fully disbursed) from the Japan International Cooperation Agency (JICA) for the credit facility (Component 1a); (d) EUR 15 million (US\$18 million equivalent) (fully disbursed) from the Italian Agency for Development Cooperation (AICS) for the credit facility (Component 1a) and US\$1.0 million for business development services (Component 2) (Restructuring Paper, 2020, page 21); and (e) EUR 30 million (US\$34 million equivalent) from the European Investment Bank (EIB) for the credit facility (Component 1a) and US\$1.9 million for crisis management and portfolio restructuring (Component 1d) (Restructuring Paper, 2020, page 21) These donors provided parallel financing directly to the Government and signed co-financing agreements with the Bank.

Additionally, 17 participating MFIs contributed US\$30 million from their internal funds for lending to project beneficiaries.

Borrower Contribution. There was no financial contribution to the project from the Government. However, in-kind contributions (staff time, office sites, and training locations) were expected at appraisal (the interim ICR did not provide any accounting of these in-kind contributions).



Dates. The project was approved on May 24, 2012, became effective on October 5, 2012, and closed on December 31, 2024, seven years after the original closing date of December 31, 2017, following five rounds of restructuring in 2016, 2017, 2019, 2020 (additional financing), and 2024.

Restructuring. The project was restructured five times.

- The first restructuring in January 2016: (a) dropped four activities – cluster development, support for productive technologies, support for backward and forward market linkages, and coaching arrangement – and limited the technology transfer activity in the second project component (renamed *Entrepreneurial and Technical Skills Development*); (b) raised the target for the output indicator *Volume of bank lending - lines of credit for MSEs* from US\$42.2 million to US\$45.9 million to account for a US\$3.5 million financing from the Government of Canada in August 2013; (c) raised the target for the output indicator *Volume of bank lending - lines of credit for institutional development* from US\$3.0 million to US\$3.6 million to account for a US\$0.6 million additional financing from DFID; (d) reduced the target for the output indicator *Number of direct project beneficiaries for microfinance* from 17,500 (US\$42.4 million line of credit for MSEs at a US\$2,500 average loan size) to 4,000 (US\$45.9 million line of credit for MSEs at a US\$11,500 average loan size) to account for the bigger average loan size during implementation; (e) reduced the target for the output indicator *Number of active loan accounts* from 17,500 to 4,000; (f) changed the wording of the output indicator *Percentage of trainees passing the end-of-training competency test* to *Percentage of trainees passing the institutional end-of-training competency test at the technical and vocational education and training colleges* to reflect an agreement that the national competency assessment at the Occupational Competency Assessment and Certification Center was not mandatory for project beneficiaries; (g) reduced the target for the outcome indicator *Increase in number of hours worked for the MSE per week (paid and unpaid)* from 50 percent to 30 percent to align the target for hours worked with the expected increase in the number of employees; and (h) modified the roles in the project of the Regional Micro and Small Enterprise Development Agencies, the City MSE Development Offices, the One Stop Shops, and the technical and vocational education and training colleges.
- The second restructuring on July 18, 2017: (a) raised the target for the output indicator *Volume of bank lending - lines of credit for MSEs* from US\$45.9 million to US\$111.7 million to account for a US\$50.0 million financing from JICA and a US\$15.8 million financing from AICS; (b) raised the target for the output indicator *Number of direct project beneficiaries for microfinance* from 4,000 (US\$45.9 million line of credit for MSEs at a US\$11,500 average loan size) to 10,000 (US\$111.7 million line of credit for MSEs at a US\$11,500 average loan size); (c) raised the target for the output indicator *Number of active loan accounts* from 4,000 to 10,000; and (d) extended the closing date by two years from December 31, 2017, to December 31, 2019.
- The third restructuring on October 30, 2019: (a) raised the target for the output indicator *Volume of bank lending - lines of credit for MSEs* from US\$111.7 million to US\$145.7 million to account for a US\$34 million financing from the EIB; (b) raised the target for the output indicator *Number of direct project beneficiaries for microfinance* from 10,000 (US\$111.7 million line of credit for MSEs at a US\$11,500 average loan size) to 13,000 (US\$145.7 million line of credit for MSEs at an US\$11,500 average loan size); (c) raised the target for the output indicator *Number of active loan accounts* from 10,000 to 13,000; and (d) extended the closing date by two years from December 31, 2019, to December 31, 2021.
- The fourth restructuring on November 25, 2020 (Additional Financing): (a) provided an additional credit of US\$100 million to scale up the project and provide credit and business services to women-owned MSEs adversely affected by the COVID-19 pandemic; (b) extended the coverage of the



project to additional cities; (c) added new project activities – a COVID-19 rescue facility and a window for uncollateralized growth capital under the first project component, and new e-learning options under the second project component; (d) revised the outcome targets to account for the resetting of the baseline date to 2019 and the target date to 2024 – *Average number of full-time and part-time employees, paid and unpaid, per MSE*, from 2.42 to 3.4; *Number of hours worked per week, paid and unpaid, per MSE*, from 232 to 316; and *Average business earnings per annum, per MSE*, from US\$3,621 to US\$5,066; (e) revised the output targets to account for the additional financing; (f) introduced three new output indicators to cover the new project activities -- *Number of borrowers reached with flexible financing terms* (under the rescue facility); *Number of borrowers accessing the innovative finance facility* (window for uncollateralized growth capital); *Number of PFIs supported with technical assistance on crisis management* (related to the COVID-19 response); and *Completion of a citizen engagement survey* (to measure citizen engagement); and (g) extended the closing date by three years from December 31, 2021, to December 31, 2024.

- The fifth restructuring on December 26, 2024; (a) cancelled the undisbursed balance of SDR 2.2 million (US\$2.85 million equivalent) of the project funds (reducing the second IDA credit from SDR 70.9 million to SDR 68.7 million); (b) dropped the final tranche of the innovative finance window under the first project component, and reduced training activities, equipment purchases, and related expenses under the second project component; and (c) revised the targets for the output indicators *Direct project beneficiaries* from 24,000 to 23,790; *Total volume of project lines of credit*, from US\$245.7 million to US\$243.6 million; *Number of beneficiaries receiving loans from innovative finance window*, from 1,000 to 790; and *Direct project beneficiaries from in-person training*, from 32,000 to 30,000.

3. Relevance of Objectives

Rationale

Project Context. The Bank's *Systematic Country Diagnostic 2016: Ethiopia - Priorities for Ending Extreme Poverty and Promoting Shared Prosperity* identified "limited credit for private investment" as a "binding constraint to productive and competitive firms, particularly domestic firm growth." MSEs faced unique credit constraints: (a) MSEs were under-served by financial institutions; (b) bank loan collateral requirements were excessively high; (c) MSEs lacked assets to collateralize bank loans; (d) banks required borrowers to provide unlimited personal guarantees; and (e) MSE finance was characterized by a "missing middle" phenomenon, where small firms were even more credit constrained than either micro-enterprises or medium and large enterprises (World Bank, 2014, *SME Finance in Ethiopia - Addressing the Missing Middle*). Female-owned firms faced particularly weaker access to finance than male-owned firms. Access to credit was cited as a top constraint by women-owned firms, which were even less likely than their male counterparts to own fixed assets, such as houses or buildings, which typically served as bank loan collateral. As a result, many growth-oriented women entrepreneurs were unable to graduate from group borrowing to individual firm borrowing. Still, they would be instrumental to more significant female employment if they could (Alibhai and Strobbe, 2015, *Financing Women Entrepreneurs in Ethiopia*).

Country Priorities. The project objective was consistent with the development strategy and priorities of the Government. The *Federal Democratic Republic of Ethiopia Growth and Transformation Plan II (2015/16 - 209/20)* advanced nine strategies to achieve the overarching goal to "sustain the accelerated growth and establish a springboard for economic structural transformation, thereby realizing the national vision of



becoming a lower middle-income country by 2025." The project objective was consistent with the second strategy – "Increase the productive capacity and efficiency to reach the economy's production possibility frontier through concurrently improving quality, productivity, and competitiveness of productive sectors – and the eighth strategy – "Promote women and youth empowerment, ensure their participation in the development process and enable them equitably benefit from the outcomes of development."

Bank Group Strategy. The project objective was aligned with the Bank Group strategy in Ethiopia. The *Country Partnership Framework for the Federal Democratic Republic of Ethiopia for FY18-FY22* (CPF) (extended to cover the project closing date) committed Bank Group support to the development priorities of Ethiopia organized around three focus areas: (a) Promoting structural and economic transformation through increased productivity; (b) Building resilience and inclusiveness; and (c) Supporting institutional accountability and confronting corruption. The project objective was aligned with the first focus area, specifically with the CPF objective to "enhance the business and investment climate, notably access to finance for MSMEs." The document stated that the Bank "will support Ethiopia in addressing the binding constraint of access to credit for private investment and promoting financial inclusion."

Bank Experience: The ICR notes that the project aimed to complement other programs and investments in Ethiopia. It provided a platform to stimulate growth in urban areas, complementing the growth-oriented rural World Bank-funded programs like the Agricultural Growth Program, the Productive Safety Net Program, and the Sustainable Land Management Program. It also complemented and was integrated with several major donor efforts to expand finance and support entrepreneurship.

Given the alignment with the Bank and country strategy and complementarity with other ongoing programs in Ethiopia, the overall Relevance is rated as High.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To increase the earnings and employment of micro and small enterprises fully or partly owned by the participating female entrepreneurs in targeted cities.

Rationale

Theory of Change. Creating and operating a credit facility at the Development Bank of Ethiopia would channel financing through participating MFIs to women-owned MSEs for working capital and investment needs. This would directly address the primary constraint faced by MSEs in Ethiopia – poor access to finance. The effectiveness of the credit facility would be demonstrated, at the output level, by the size of the



credit line (including contributions from other donors and PFIs), the number of women-owned MSEs receiving loans, and the MSE portfolio-at-risk within PFIs.

In addition, an innovative finance facility would provide growth capital to high-potential women-owned firms that lack traditional collateral and are excluded from commercial financing. This window would channel funds through fintech-enabled products, such as psychometric credit scoring, POS-based cashflow monitoring, revenue-based financing, and movable-collateral lending, to reduce reliance on fixed-asset collateral. Beyond supplying capital, it would incentivize PFIs to enter underserved markets and integrate new digital innovations. The facility's effectiveness would be measured by the number of borrowers accessing it.

Following the COVID-19 pandemic and subsequent economic downturn, a rescue facility, with provisions for interest rate reductions, repayment deferrals, and loan-tenure extensions, would complement the credit facility by sustaining financial flows to MSEs, which become more credit-constrained than larger firms in times of distress. The rescue facility would compensate the DBE for offering PFIs more concessional on-lending terms and cover their associated costs to keep loans viable. Its effectiveness would be assessed by the number of borrowers receiving flexible financing terms through the facility.

Separately, extending technical assistance to both sides of the credit market would help address another major constraint faced by MSEs – the lack of core business skills. On the supply side, MFIs would receive support, while on the demand side, MSEs would benefit from assistance delivered by a wide range of public and private business service providers, including the Federal Micro and Small Enterprise Development Agency, Regional MSE Development Agencies, One Stop Shops, technical and vocational education and training colleges, and City MSE Development Offices. The effectiveness of business training for MFIs would be measured, at the output level, by the proportion of PFIs adopting institutional development plans, implementing project-related credit technologies, and training their loan officers. For MSEs, it would be measured by the proportion of women entrepreneurs receiving in-person training, participating in digital training, and successfully passing competency assessments.

The focus on women-owned MSEs was justified on two grounds: they face greater credit constraints than men-owned MSEs, and they are more likely to employ women, thereby helping to reduce gender inequalities in the labor market. The key operating assumptions underlying the results chain were that MFIs and MSEs would actively utilize the credit facility, and that the technical service institutions would function as capable and effective business service providers. At the outcome level, the effectiveness of the combined credit and technical assistance interventions would be demonstrated through increases in earnings and employment, both in the number of employees and in hours worked, among women-owned MSEs.

Outputs. The project met or exceeded the final targets for 11 of the 12 output indicators and partially met the final target for one output indicator for the provision of access to microfinance, based on data as of December 2024.

- The volume of bank support for lines of credit for microfinance reached US\$252 million by closing (in 2024), exceeding the target of US\$243.6 million. Five donors provided parallel financing for the credit facility: the Government of Canada, JICA, AICS, and EIB. In addition to the IDA financing and donor parallel financing, the Development Bank of Ethiopia and the participating MFIs used their own funds to continue lending to MSEs.
- The volume of bank support for institutional development for MSEs totaled US\$3.4 million by closing, partially meeting the target of US\$3.6 million. Two donors provided parallel financing for the technical facility: DFID and EIB.



- The number of direct project beneficiaries in microfinance reached 29,821 by closing, exceeding the target of 23,790. According to the final ICR (pages 8-9), this figure represented the number of loans, rather than beneficiaries (as there were repeat borrowers).
- The number of One Stop Shops, MFIs, and technical and vocational education and training colleges reporting under the Monitoring and Evaluation System was 90 by closing, meeting the final target of 90.
- The number of One Stop Shops, MFIs, and technical and vocational education and training colleges undertaking data collection and reporting activities was 73 One Stop Shops by closing, exceeding the target of 61; 17 MFIs, meeting the target of 16; and 29 technical and vocational education and training colleges, exceeding the target of 13.
- The number of PFIs that adopted and implemented institution development plans and project-related credit technologies was 17 by closing, meeting the target of 16.
- The portfolio of MSE loans at risk was reduced from 5.1 percent in the baseline to 1.86 percent by closing, exceeding the target reduction to 4.3 percent. This performance was significantly stronger than the microfinance sector's average portfolio-at-risk rate of 5.5 percent, according to the final ICR.
- The proportion of PFIs that reported portfolio at risk was 100 percent by closing, meeting the target of 100 percent.
- The percentage of loan officers trained by the project reached 20 percent by closing, meeting the target of 20 percent.
- The number of borrowers reached with flexible financing terms was 3,594 by closing, exceeding the target of 1,500. Through the rescue facility, PFIs were able to offer flexible repayment terms, such as interest holidays, reduced interest rates, and extended tenors, to the 3,594 borrowers.
- The number of project beneficiaries accessing the innovative finance facility reached 3,610 by closing, exceeding the target of 790.
- The number of PFIs supported with technical assistance on crisis management practices was 17 by closing, meeting the target of 16.

The project achieved the targets for five output indicators, partially met the target for one output indicator, but failed to meet the target for two output indicators for developing entrepreneurial and technical skills, based on data as of December 2024.

- The number of women entrepreneurship development training programs that were established with fully operative modules was 13 by closing, exceeding the target of 11.
- The number of One Stop Shops fully staffed, trained, and well-functioning was 73 by closing, exceeding the target of 65.
- The number of direct project beneficiaries who received in-person training was 41,360 by closing, exceeding the target of 30,000. Many of these training program beneficiaries also received loans, according to the final ICR.
- The percentage of female direct project beneficiaries who received in-person training was 100 percent by closing, meeting the target of 100 percent.
- The percentage of trainees who passed the end-of-training institutional competency test at technical and vocational education and training colleges was 80 percent by closing, meeting the target of 80 percent.
- The increase in general business knowledge was 67 percent by closing, partially meeting the target of 79 percent.



- The number of direct beneficiaries of digital training was 2,350 by closing, failing to meet the target of 12,000.
- No Citizen Engagement Survey was conducted, failing to meet the target.

Outcomes. There is no data as of December 2024 to determine whether the targets for the outcome indicators were achieved at project closing. The most recent outcome data available are from December 2019. Meanwhile, the final targets had been raised at the fourth restructuring following the additional financing and the extension of the project closing date.

- The average number of full-time and part-time employees, paid and unpaid, per MSE increased from 1.86 at baseline to 2.95 in December 2019, compared to the final target of 3.4 for December 2024.
- The number of hours worked per week, paid and unpaid, per MSE increased from 179 at baseline to 275 in December 2019, compared to the final target of 316 for December 2024.
- The average annual business earnings per MSE increased from US\$2,414 at baseline to US\$4,053 in December 2019, compared to the final target of US\$5,066 for December 2024.

The M&E design required periodic impact evaluation surveys to measure achievement of the targets for MSE employment and profitability. Planned at 2–3 year intervals, these evaluations were rigorously carried out – at least until 2019, according to the ICR – when the last impact evaluation survey was completed. The interim ICR (December 2022) used the 2019 survey data to assess achievement of the project outcomes as of 2021 and judged efficacy to be High, noting that the project had exceeded all applicable (unadjusted) outcome targets at that time. The interim ICR Review, however, rated efficacy as “Substantial, with moderate shortcomings,” arguing that, although the targets had been met, it was “unwise to assume that the results would have been maintained, much less improved through 2021, considering the outbreak of the COVID-19 pandemic beginning in 2020.”

The final ICR (July 2025) acknowledges the absence of outcome indicator data after 2019, but explains that conducting subsequent impact evaluation surveys had become increasingly difficult and costly: (a) the COVID-19 pandemic made data collection impossible for the survey scheduled in 2021; (b) the conflict in northern Ethiopia during 2020-2022, followed by renewed conflict in the Oromia and Amhara regions, disrupted activities across the country; and (c) a new impact evaluation survey would now cost an estimated US\$1 million and take several years to complete.

In view of these limitations, this ICR Review considers the output indicators to be sufficient substitutes for the outcome indicators in assessing the project’s efficacy. The project delivered substantial outputs, providing over 29,000 loans to women-owned MSEs, training more than 43,000 women entrepreneurs, and mobilizing resources from donors and PFIs amounting to nearly twice the US\$150 million IDA credit. Accordingly, efficacy is rated Substantial, with moderate shortcomings.

Rating
Substantial



OVERALL EFFICACY

Rationale

The available output indicators (intermediate results indicators) at closing provide adequate proxies for assessing the achievement of the project outcomes. The overall efficacy is therefore rated Substantial, with moderate shortcomings. The qualification is necessary because the impact evaluation survey remained an active requirement under the Financing Agreement (Schedule 1, Part 3(d)) and was never formally waived through restructuring.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency. The Project did not calculate an economic rate of return at appraisal, nor did the final ICR at closing. However, the final ICR presented two cost-efficiency metrics, the first of which was based on the same 2019 impact evaluation survey data used to describe the project's outcome targets (see Section 4).

- The average MSE loan (around US\$10,000) created one additional job (i.e., the average number of employees per MSE increased from 1.86 to 2.95) – therefore, the implied cost of creating one job was US\$6,600. By comparison, the cost of creating a job through active labor market programs (such as training, job search assistance, wage subsidies, or public works) ranged from: (a) US\$8,000-9,600 under the Nigeria Business Plan Competition (McKenzie, *Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition*, American Economic Review, 2017, 107(8), pp. 2278-2307); (b) US\$8,600 under the Zambia Agribusiness and Trade Project (World Bank, 2024, *ICRR for the Zambia Agribusiness and Trade Project*); (c) US\$12,500 under another Ethiopia small and medium enterprise development project; and (d) US\$19,000 under the Senegal Tourism and Enterprise Development Business Plan Competition (World Bank, 2023, *ICRR for the Senegal Tourism and Enterprise Development Project*).
- The training program reached 43,710 women, at a cost of US\$147 per participant. This compares favorably with typical business-training costs in low-income countries, which range from US\$150 to US\$1,500 per participant (McKenzie, 2020, *Small Business Training to Improve Management Practices in Developing Countries: Reassessing the Evidence for "Training Doesn't Work,"* World Bank Policy Research Working Paper 9408).

Operational Efficiency. The project fully disbursed the original IDA credit and grant. Funds for the MSE credit facility were exhausted by March 2016, just two years after lending began and well before the original 2017 closing date. The facility also drew substantial parallel financing from donors, including Canada, DFID, JICA, AICS, and the EIB, which was similarly disbursed quickly. Afterward, participating MFIs and the Development Bank of Ethiopia continued lending using their internal resources and a revolving fund, accounting for 8 percent and 23 percent, respectively, of total MSE lending by project closing. The project also almost fully disbursed the additional IDA financing, with only 2.9 percent remaining undisbursed and subsequently canceled.



The project was completed seven years later than originally planned, not due to delays in implementation or disbursement, but because the parallel financing provided by other donors in 2016, 2017, and 2019 required a four-year extension, and the additional IDA financing approved in 2020 required a further three-year extension.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is rated High. The overall efficacy is rated as Substantial, with moderate shortcomings. The efficiency is rated Substantial. The overall outcome of the project is rated as Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The near- to medium-term sustainability of the outcomes achieved by this project faces two risks.

Security and Political Risk. The interim ICR had earlier reported that the Tigray war destroyed some enterprises and closed many others in the affected region (the Tigray region accounted for 11.5 percent of this project's portfolio). The final ICR states that although the war has ended, tensions remain heightened in the region, including with neighboring Eritrea. The situation in nearby Amhara and Oromo also remains uncertain.

Macroeconomic Risk. The decision by the National Bank of Ethiopia in July 2024 to liberalize the exchange rate and adopt a market-based, floating system has led to a substantial depreciation of the Ethiopian Birr.



This shift is expected to have significant short-term adverse effects on purchasing power due to the rising cost of imports. In the medium term, however, the depreciation may help support economic growth by encouraging import substitution and strengthening export competitiveness.

Mitigating Factors. A continued willingness by PFIs to commit their own resources to lending for women-owned SMEs would help mitigate the sustainability risks associated with the project's development outcomes. The relatively low portfolio-at-risk ratios observed among these lenders, at least through project closing, provide some support for this expectation.

8. Assessment of Bank Performance

a. Quality-at-Entry

Analytic Underpinning. The project design was generally well designed and informed by analytic work produced by Bank and other authors, which analyzed Ethiopia's MSE sector and women entrepreneurs. In addition to *Systematic Country Diagnostic 2016* and other studies (see Section 3), six surveys – the World Bank Enterprise Survey (2011), the Ethiopia Central Statistical Agency Large and Medium Scale Manufacturing Census (2012/13), the Ethiopia Socioeconomic Survey (2013/14), the National Business Agenda (2014), the World Economic Forum Global Competitiveness Report (2014 and 2015), and the World Bank Doing Business Report (2016) – consistently cited access to finance as a top-three binding constraint to doing business in Ethiopia. Firms that were fully credit constrained exhibited poorer performance and productivity – 15 percentage points lower sales growth, 5 percent lower job growth, and 11 percentage points lower labor productivity growth. MSEs also had low levels of core business skills. While the skills deficiency was prevalent across the private business sector, it was particularly evident and constraining in the MSE sector (World Bank, 2014, *Skills for Competitiveness and Growth in the Manufacturing Sector in Ethiopia*). The Government's *National Technical and Vocational Education and Training Strategy 2008* and *MSE Development Strategy 2011* also provided practical project design frameworks.

Donor Coordination. The Bank coordinated the design of this operation with other donors supporting entrepreneurship and providing enterprise finance in Ethiopia, including the Kreditanstalt für Wiederaufbau, which Capital Link Project provided guarantees for private bank on-lending through MFIs; the U.S. Agency for International Development, which Development Credit Authority provided guarantees to private banks to lend to female entrepreneurs; and the African Development Bank and International Fund for Agricultural Development, which Rural Financial Intermediation Program provided loans to MFIs for on-lending to rural areas. The Bank received interest at appraisal from the Government of Canada and DFID to provide parallel financing for the project.

Operational Risks. The Bank assessed the operational risk to be moderate overall. Although it thought the project activities were more complex than in past operations, the Bank considered the wide range of technical assistance and capacity-building initiatives directed at public and private project participants to be a substantive risk-mitigating measure. Considering the successful completion of the original and additional financing and the substantial parallel financing provided by other international donors and PFIs, this final ICR Review deems the risk assessment and the mitigation measures embedded in the



project design – the use of existing institutions and structures aligned with the Government's MSE strategy – appear to have well considered.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

Implementation Supervision. The Bank supervised the project regularly. A total of 24 Implementation Status and Results Reports (ISRs) were filed up to September 2024, before the cancellation of the undisbursed IDA financing during the fifth restructuring. The twice-yearly reporting frequency was consistent with the average for Bank-financed investment operations. In addition, the Bank conducted a mid-term review on October 12, 2015. The ICR noted the following: the supervision teams at the field and headquarters were qualified; and the participatory Project Implementation Committee proved effective (and has since been adopted in other Bank projects in the country).

Continued Donor Coordination. The Bank continued to collaborate closely with other development partners throughout project implementation to: (a) secure the funding commitments pledged by the Government of Canada and DFID at appraisal; (b) mobilize additional parallel financing, particularly for the credit facility, from new development partners, including JICA, AICS, and the EIB, amounting to more than twice the original IDA credit; and (c) supervise the project and manage the parallel financing on behalf of the partners. As the original IDA funds were fully disbursed two years ahead of schedule, the Bank's supervision also covered project activities financed by the contributing donors.

Adaptation. The Bank made well-informed decisions across five restructuring episodes. It corrected several planning assumptions that had been overstated at appraisal. For example, once it became clear that most MSEs operated in trade and services rather than manufacturing, the Bank appropriately discontinued the cluster development and technology transfer activities, which were more relevant to manufacturing and misaligned with the needs of service-oriented enterprises. The Bank also introduced new output indicators, adjusted output targets, and extended the implementation period as development partners and IDA committed additional financing. This expansion broadened the project to include a larger credit facility, a COVID-19 rescue facility, an innovation fund, and digital training modules. In addition, the Bank adjusted the targets for the outcome indicators as baseline data were repeatedly updated, given that the original outcome targets were defined as percentage increases over baseline.

Shortcomings. While the Bank revised the outcome targets to reflect updated baseline figures, it did not adjust them further to account for the much larger average loan size, which, by the first restructuring, was already five times higher than assumed at appraisal. Moreover, the Bank did not establish alternative methods for collecting outcome indicator data beyond the planned impact evaluation surveys, which ended in 2019. As a result, the December 2019 data were reported as the project's outcomes, even though the project did not close until December 2024.



Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The M&E design incorporated several constructive elements.

- The project defined a results framework of 15 output indicators and three outcome (PDO-level) indicators. The results indicators were adequate and suitable to measure the impact of the project activities toward achieving the project's objective. For instance, the outcome indicators appropriately focused on employment and profitability at women-owned MSEs.
- The M&E design incorporated a modern, web-based Management Information System (MIS) to support the systematic measurement and reporting of project outputs. For example, data recorded at the One-Stop Shops were automatically synchronized with the central project database, enabling real-time monitoring of loan disbursements and training participation across numerous cities. Project beneficiaries, including both loan recipients and training participants, were issued unique identification cards to facilitate precise, activity-level tracking throughout project implementation.
- The institutional and administrative arrangements for M&E were clearly articulated and sufficiently detailed. Responsibility for monitoring and evaluation was assigned to the National Project Management Team (NPMT) within the Federal Micro and Small Enterprise Development Agency, the entity responsible for overall project implementation. The NPMT was to receive M&E data on lending to women-owned MSEs from the Project Management Team of the Development Bank of Ethiopia, the institution responsible for implementing the credit facility. The NPMT was mandated to prepare semiannual Project Reports and submit them to IDA within two months of the end of each reporting period. In addition, the NPMT was required to provide regular reports to the Federal MSE Development Council, the body tasked with coordinating participating federal institutions.

However, M&E design also suffered from significant shortcomings, which subsequently compromised M&E implementation.

- As the three outcome (PDO-level) indicators had no baseline values at entry, the outcome targets could only be expressed as percentage increases over yet-to-be-determined baselines: (a) *Average number of full-time and part-time employees, paid and unpaid, per MSE*: baseline + 30 percent; (b) *Number of hours worked per week, paid and unpaid, per MSE*: baseline + 50 percent (later reduced to + 30 percent for consistency with the other employment indicator); and (c) *Average annual business earnings per MSE*: baseline + 50 percent. The lack of baseline values at entry was understandable, as the project had yet to select a first cohort of borrowers, which could only be



done once the project was operational. The design assumed that the baseline figures would be readily determined (i.e., six months after project effectiveness).

- The outcome indicators were to be measured exclusively through impact evaluation surveys. The design assumed that these surveys could be regularly fielded and completed as planned.
- The ICR (page 20) also states that the targets for the outcome indicators may have been "overly ambitious for the initially expected loan size," but arguably "too modest once loan sizes increased substantially" during implementation.

b. M&E Implementation

M&E implementation for the project's output indicators proceeded on a regular and sustained basis.

- The project retained the original set of 15 output indicators for most of the implementation period, revising only the wording of a single indicator during the first restructuring. With the mobilization of parallel financing from other development partners, the project subsequently raised the targets for most output indicators and introduced five additional output indicators to capture the results of new activities added at the fourth restructuring (see Section 2.E).
- Otherwise, the project successfully collected and reported data for all output indicators throughout implementation, as documented in the ISRs, and at project closing, as cited in the final ICR.

In contrast, the monitoring and evaluation of project outcomes proved to be problematic.

- After the baseline values were set, they were revised repeatedly. The baseline for average employment at MSEs was adjusted downward multiple times – initially from 3.59 in mid-2015 to 2.03 later that year, and then again to 1.86 in 2017 – without a clear or consistent justification. Because the target was defined as a percentage increase over the baseline, these downward revisions also resulted in a substantially lower employment target. The 2021 employment target, originally set at 4.7 employees, was subsequently reduced to 2.42 (before the additional financing).
- A similar pattern was observed for profitability, where the 2021 target was subsequently revised to only 3 percent above the 2014 level. Although some adjustments reflected improved data quality and methodological refinements, the variability in the figures, combined with limited documentation, made it difficult to interpret progress with confidence at the time.
- By the first restructuring, when the average loan size had increased fivefold and many beneficiaries were repeat borrowers, the 2021 targets for job creation, work hours, and enterprise earnings per MSE remained unchanged and were not adjusted to reflect the substantially larger level of support implied by the higher average loan size and repeat borrowing.
- A major weakness in the M&E framework – one that significantly undermines the ability to assess the project's efficacy – was the failure to complete the planned series of impact evaluation surveys. Although the surveys were carried out rigorously through 2018, the 2019 round was less comprehensive, the planned 2021 evaluation was cancelled due to COVID-19 and replaced with limited phone interviews, and no further surveys were conducted thereafter. As a result, both the government and the Bank were left without reliable empirical evidence to assess the project's outcomes.



c. M&E Utilization

The M&E data on project outputs were useful in helping mobilize additional financing for the project, both from development partners and the IDA.

The M&E data on project outcomes remained useful through 2019, but the absence of outcome data thereafter undermined the ability to assess the project's efficacy in achieving its development objective of increasing the earnings and employment of women-owned MSEs.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

Environmental Safeguards. The project was classified at appraisal as an environmental Category B operation, implying that an environmental assessment, review, or management plan was required, but that such work could remain limited in scope and flexible in structure in light of the project's modest and readily mitigable environmental impacts. In line with this classification, the project triggered the Bank's environmental safeguards policy OP 4.01 (Environmental Assessment). Because the specific types of enterprises to be supported were not known at appraisal, the project focused on preparing an Environmental and Social Safeguards Management Framework (ESMF). The ESMF was disclosed publicly in Ethiopia through the Federal Micro and Small Enterprise Development Agency's website and on the World Bank's InfoShop. It provided screening criteria for MSE subprojects, identified their potential environmental and social impacts, and outlined measures to mitigate associated risks. Participating MFIs were also to receive technical assistance to strengthen their capacity in conducting environmental and social assessments of MSE subprojects.

According to the ICR, several positive actions were undertaken during implementation: (a) training of MFIs began in 2016 and substantially improved safeguards compliance; (b) an inaugural ESMF monitoring mission was carried out in May 2018, after which a system of quarterly monitoring visits was instituted; (c) a previously overlooked grievance-redress mechanism became operational by 2018; (d) the ESMF was updated in 2020 to incorporate COVID-19-related risks and again in 2021 following a new social assessment; (e) by the time of approval of the additional financing in November 2020, the project had instituted biannual awareness training on the ESMF and Occupational Health and Safety (OHS) for MFIs and entrepreneurship-training providers; and (f) an OHS-focused training module within the ESMF was delivered to more than 21,000 entrepreneurs.

However, a social and environmental specialist for the Project Implementation Unit was not recruited until 2023, and several issues remained unresolved as the project approached closure. As noted in the September 2024 *Aide Mémoire*, "gaps were identified, including inadequate implementation of identified



corrective actions, weak coordination, lack of ensuring the functionality of the grievance mechanism at various levels, as well as inadequate health and safety awareness creation for the community.”

Social Safeguards. The project did not trigger any social safeguards policy.

Overall Safeguards was rated Satisfactory in the last ISR of September 25, 2024.

b. Fiduciary Compliance

Procurement. Procurement performance was initially weak, with inadequate follow-up by procurement staff and persistent shortcomings in adhering to agreed procedures. With support from the Bank, these issues were eventually resolved. Procurement ratings subsequently improved, progressing to Moderately Satisfactory in 2022 and 2023, and reaching Satisfactory in 2024.

Procurement was rated Satisfactory in the last ISR of September 25, 2024.

Financial Management. Financial management performance remained strong throughout the project. As noted in the October 2021 *Aide Mémoire*, the project consistently met all financial management covenants, including timely submission of high-quality interim financial reports (IFRs) and audit reports, prompt preparation and approval of annual work plans and budgets, accurate and up-to-date recording of financial transactions, and the maintenance of adequate internal controls at both the Development Bank of Ethiopia and the Federal Urban Job Creation and Food Security Agency, supported by regular internal audit oversight. The ICR did not disclose whether the audits were performed by an external independent auditor or whether there were any audit findings.

Financial management was rated Satisfactory in the last ISR of September 25, 2024.

c. Unintended impacts (Positive or Negative)

According to the ICR, the project yielded two unintended impacts.

- The project motivated the government to partner with the Bank on a complementary credit line for SMEs and facilitated deeper policy dialogue and additional support to the financial sector.
- Through research and pilot initiatives, the project deepened understanding of the challenges faced by women entrepreneurs and demonstrated practical ways to address them. The evidence informed the design of other Bank operations (e.g., the Uganda Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Project) and contributed to global knowledge on effective support strategies for women-led businesses.

d. Other

Gender. The project was the Bank's first initiative dedicated solely to supporting women entrepreneurs. It provided roughly 20,000 women with access to individual loans that were 10 times larger than had



previously been available through group lending. This significantly strengthened their ability to invest, expand their businesses, and create jobs, most of which likely benefited women too. By demonstrating to MFIs that women entrepreneurs were reliable clients, the project encouraged continued lending beyond the Bank's financing, enabling an estimated additional 30,000 women to gain access to credit.

Institutional Development. The project helped with institutional development on two fronts:

- The project helped modernize the Development Bank of Ethiopia, encouraging it to shift from project-based lending to wholesale finance, which reduced non-performing loans. This paved the way for continued support from the Bank and other partners.
- The project strengthened MFIs by providing training and technical assistance in credit adjudication, risk management, financial literacy, and consumer protection. It introduced innovative lending approaches, including revenue-based financing and psychometric credit scoring, that reduced reliance on collateral. Average collateral requirements dropped from 200 percent of loan value in 2013 to 125 percent in 2018. A new digital MIS improved the monitoring of MFI portfolios and enabled MFIs to offer larger loans to individual women entrepreneurs.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Lack of outcome indicator data post-December 2019. A fresh impact evaluation survey would be helpful to report on the final results and inform ratings.
Bank Performance	Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Modest	
Quality of ICR	---	Substantial	

12. Lessons

Three lessons are drawn from the ICR, with some adaptation.

Lending to women-owned MSEs can be a viable business when the right incentives are in place. This project demonstrated strong credit demand among women entrepreneurs in a context where they were significantly more underserved than men. The credit facility was fully disbursed two years ahead of schedule and attracted parallel financing from other donors, amounting to more than twice the original IDA allocation. Participating MFIs also drew on their own resources and on the Development Bank of Ethiopia's revolving fund to continue lending beyond the project's initial scope. Average loan sizes were about five times higher than expected, indicating strong demand from "growth-oriented" firms in the missing middle. Repayment rates among women-owned MSEs exceeded those in the rest of the participating institutions' portfolios. Although interest rates were



partially subsidized, the high repayment performance suggests that, with appropriate incentives, women entrepreneurs represent a solid and creditworthy market segment.

Traditional business training often shows limited effects on enterprise performance. In this project, training generally did not lead to higher employment or profits at MSEs. Moreover, public technical and vocational education and training institutes were slow to adopt innovative methods. A major factor was trainers' limited private sector experience. Despite innovation efforts and high trainee satisfaction, the overall impact of training remained uncertain –consistent with the global evidence. The Bank can revisit its approach by improving ex-ante assessments of training institutions and incorporating more specialized coaching for entrepreneurs.

Knowledge generated through rigorous evaluation can strengthen project impact. This project partnered with the Africa Gender Innovation Lab – a World Bank unit that conducts impact evaluations on interventions aimed at closing gender gaps in earnings, productivity, assets, and agency across Sub-Saharan Africa – to build evidence on what works for supporting women entrepreneurs. The evaluations examined, among other topics, innovations to reduce collateral requirements and “psychology-based” business training. According to the ICR, these evaluations helped attract additional donor financing for the project. Their findings have since informed the design of similar World Bank operations supporting women entrepreneurs in Indonesia, Mexico, Nigeria, and Turkey.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The final ICR is consistent with OPCS guidelines for investment project financing operations. It is concise yet sufficiently comprehensive, covering all five project restructurings as well as the parallel financing provided by five donors.

The assessment of project outputs is based on available data, and the ICR appropriately acknowledges the lack of outcome data at closing. In this context, the efficacy rating of *Substantial* appears overstated, as a credible assessment requires PDO-level evidence. In the absence of a formal cost-benefit analysis, the ICR presents two cost-efficiency metrics and provides sufficient evidence to support its assessment of the project's operational efficiency.

The discussions on M&E design and implementation, as well as the lessons learned, are thorough, well-documented, and convincingly argued.

There are some shortcomings: (a) the data on other donor financing appear to be incomplete compared with the information provided in the Restructuring Papers; (b) there is limited discussion of donor activities beyond contributions to the credit facility (for example, the EIB technical assistance grant for COVID-19–related



portfolio restructuring referenced in the 2020 Restructuring Paper); and (c) there is little indication of whether the Bank made efforts to obtain data for the outcome indicators after the last impact evaluation survey in 2019.

a. Quality of ICR Rating
Substantial